

HAWAII PUBLIC HOUSING AUTHORITY

**MINUTES OF THE REGULAR MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, MARCH 18, 2010
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Public Housing Authority met for their Regular Meeting at 1002 N. School Street, on Thursday, March 18, 2010 at 9:00 a.m.

The meeting was called to order by Chairperson Travis Thompson and on roll call, those present and absent were as follows:

PRESENT: Chairperson Travis Thompson
Director Sam Aiona
Director Eric Beaver
Director Rene Berthiaume
Director Sherrilee Dodson
Director Clarissa Hosino
Designee Henry Oliva
Director Linda Smith
Director Matilda Yoshioka

Krislen Chun, Deputy Attorney General
Denise M. Wise, Executive Director

EXCUSED: Director Carol Ignacio

STAFF PRESENT: Barbara Arashiro, Executive Assistant
Alan Sarhan, Planner
Charlene Nakamoto, Compliance Specialist
Lydia Camacho, State Housing Development
Administrator
Mark Buflo, Acting Chief Financial Management Advisor
Rick Sogawa, Acting Contracts and Procurement Officer
Shirley Befitel, Personnel Supervisor
Stephanie Fo, Property Management and Maintenance
Services Branch Chief
Taryn Chikamori, Secretary to the Board

PUBLIC: Alice Black, Waimaha Sunflower resident
Augafa Ene, Mayor Wright Homes resident
Bernie Young, private resident
Fetu Kolio, Mayor Wright Homes resident

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Jimbo, private resident
Wilcox Choy, KMH LLP

Proceedings:

Chairperson Thompson declared a quorum present.

QUORUM

Chairperson Thompson recognized Denise Wise the new executive director. Ms. Wise stated she looks forward to working with the Board, community, and staff.

The business of the Board proceeded with a motion entered by Director Beaver to approve the minutes of the Regular Meeting held on January 21, 2010 and seconded by Director Dodson.

APPROVAL
OF MINUTES
REGULAR
MEETING
JANUARY 21,
2010

The minutes were unanimously approved as presented with no corrections.

A motion was entered by Director Beaver to approve the minutes of the Regular Meeting held on February 18, 2010 and seconded by Designee Oliva.

APPROVAL
OF MINUTES
REGULAR
MEETING
FEBRUARY 18,
2010

The minutes were unanimously approved as presented with no corrections.

Public Testimony:

The Board received written testimony from Ms. Jean Peters, Kalakaua Homes resident. The letter will be entered into the record and a letter will be sent to Ms. Peters acknowledging receipt of her submitted testimony.

PUBLIC
TESTIMONY

For Action:

Motion: To Accept the Management Discussion and Analysis of the Audited Financial Statements and the Single Audit of the Hawaii Public Housing Authority for the Fiscal Year Ending June 30, 2009.

Director Beaver moved, Director Dodson seconded.

Mr. Wilcox Choy, Partner, Assurance & Advisory Services, KMH, LLP, was introduced to the Board. Mr. Choy addressed the Board and took questions from the Board regarding the recently completed single audit of the Hawaii Public Housing Authority (HPHA). Mr. Choy explained that due to Federal funding levels and programs administered by the HPHA the recently completed audit was a HUD requirement.

TO ACCEPT THE
MANAGEMENT
DISCUSSION
AND ANALYSIS
OF THE AUDIT-
ED FINANCIAL
STATEMENTS
AND THE SIN-
GLE AUDIT OF
THE HAWAII
PUBLIC HOUS-
ING AUTHO-
RITY FOR THE
FISCAL YEAR
ENDING JUNE
30, 2009

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He provided an overview of the role of KMH, LLP for this audit engagement:

- 1) To provide a basis of opinion on the basic financial statements of HPHA;
and
- 2) To determine if there was sufficient internal controls established by HPHA.

The financial statements audited by KMH, LLC, were deemed to fairly present the position of HPHA as of June 30, 2009 and KMH, LLC, issued an unqualified opinion.

Mr. Choy stated that upon completion of the internal controls over major programs portion of the audit that KMH, LLP, issued a qualified opinion.

The issuance of the qualified opinion was based on the following:

- 1) Current staff does not have a clear understanding of project based accounting principles therefore making implementation difficult.
- 2) There are several repeat findings from prior audits.
- 3) Current staff does not have the depth of experience or understanding of asset based management accounting, e.g., COCC expenses, etc...

Director Smith inquired to the term of KMH LLP's contract for engagement of audit services and Mr. Choy responded this was the last year of the 3 year contract. Discussion ensued and Board directed staff to research and report at next board meeting the steps necessary to engage KMH, LLC, for the upcoming 2010 audit.

Director Godfrey arrived at 9:25 a.m.

Board asked Mr. Choy if the policies and procedures (P & P) that were created with the help of the technical assistance provided by the U.S. Department of Housing and Urban Development (HUD) was of assistance. Mr. Choy responded that even though the P & P were completed it has not been implemented.

Board inquired as to what the process is now that the single audit is completed. Mr. Choy stated that the audit is submitted to three agencies: Department of Accounting and General Services (DAGS), HUD, and Real Estate Assessment Center (REAC) with the Financial Data Schedule (FDS). DAGS and HUD receive the single audit and typically there is not much communication. REAC, however, will more than likely have questions and look for corrective actions. The single audit and the audited FDS schedule are due no later than March 31, 2010. Further discussion ensued and clarification was provided by staff on submission of documents.

Further discussion ensued regarding the next steps in addressing the deficiencies that the audit identified. Chairperson Thompson asked the Finance Task Force to convene, develop an action plan with timetables and assigned accountabilities and to report at the next Board meeting.

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With no further discussion, Chairperson Thompson called the question.

Support: The motion carried unanimously.

Motion: **To Authorize the Executive Director to Adopt Utility Allowance Rates provided by National Facilities Consultants for the Fiscal Year July 1, 2010 to June 30, 2011 for the Federal Low Income Public Housing Program.**

Director Beaver moved and Director Aiona seconded.

Stephanie Fo, property management and maintenance services branch chief, provided an overview of the process and why it is necessary to update the utility allowance on annual basis and the retention of a consultant to provide the updated rates.

Board asked staff how the information, either increase/decrease, is communicated to residents. Ms. Fo responded after the study is conducted, the rates are published and there is a Public Comment period and then a notice is sent to tenants of the change. During the Public Comment period, if comments are received, they are taken into account, however, because the rates are those also assessed by the utility company there is very little latitude in changing the rates particularly during a time when utility rates are on the upswing.

Staff was further questioned if all tenants are eligible for the utility allowance and if so, how is it determined if the development is not individually metered. Staff stated the asset management projects (AMP) pays the bill and the tenants do not receive the utility subsidy.

With no further discussion Chairperson Thompson called the question.

Support: The motion carried unanimously.

Motion: **To Approve the Hawaii Public Housing Authority's Five Year and Annual Plan for the Fiscal Year July 1, 2010 to June 30, 2011 and to Authorize the Executive Director to Take Required Actions to Submit the Approved Plan to the U.S. Department of Housing and Urban Development.**

Director Beaver moved, and Director Aiona seconded

Mr. Alan Sarhan, Office of Planning and Evaluation, provided an overview of the public hearing conducted and directed the board to the items that received the most comments.

TO AUTHORIZE
THE EXECU-
TIVE DIRECTOR
TO ADOPT
UTILITY
ALLOWANCE
RATES PRO-
VIDED BY
NATIONAL
FACILITIES
CONSULTANTS
FOR THE FIS-
CAL YEAR
JULY 1, 2010
TO JUNE 30,
2011 FOR THE
FEDERAL
LOW INCOME
PUBLIC
HOUSING
PROGRAM

TO APPROVE
THE HAWAII
PUBLIC HOUS-
ING AUTHO-
RITY'S FIVE
YEAR AND
ANNUAL PLAN
FOR THE FISCAL
YEAR JULY 1,
2010 TO JUNE
30, 2011.

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1.) Waitlist preference proposed changes received the most comments. The Plan as presented proposes that in order to qualify under the homeless preference that a person/family must reside in a shelter and have a service plan with the homeless service provider. A majority of the comments questioned this. The comments made included, that not everyone who is homeless resides in shelter; that there are working homeless who may not need a service plan and due to capacity issues person/family may not be able to get into a shelter.

2.) Changing from geographic to site-based wait lists also received public comments. The comments received indicated that they do not feel that this would help fill units faster and there were some comments on concentration of ethnic groups.

3.) Suitability checks received comments and comments were summarized as follows: low-income residents will not be able to pass credit checks; credit checks may be considered discriminatory; pre-home visits are an invasion of privacy.

Comments were also made on the standardization of House Rules. The public expressed consideration should be made by unit type, high raise vs. low raise.

Staff also summarized that the Resident Advisory Board (RAB) disagreed with some items in the Plan and that there will be further discussion to clarify points and continue discussions.

Board asked staff what are the next steps now that comments have been received. Staff discussed the process and further discussion ensued. Board asked if changes could be made at this time and staff advised the Board if changes made were substantial that another Public Hearing was required. It was clarified that the Plan could be submitted and that after submission changes could still be made by the Board.

The Board questioned the small attendance. Staff assured the Board that the HPHA follows all protocols and has gone beyond mere compliance. This Public Hearing's attendance is not much different from past hearings.

Director Hosino stated she agrees that the HPHA does a lot to get the message out. She attributed the low attendance to a couple of factors, the residents may feel that even if they attend they may not be heard or they choose one spokesperson to speak for them. She stated that the RAB was also created to represent the tenants.

With no further discussion Chairperson Thompson called the question.

Support Ayes: Chairperson Thompson
Designee Oliva
Director Aiona
Director Beaver

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Director Berthiaume
Director Dodson
Director Godfrey
Director Smith

Abstained: Director Hosino

The motion carried.

Chairperson Thompson called a recess at 10:16 a.m. and reconvened at 10:29 a.m.

RECESS/
RECONVENED

Motion: To Ratify the Hawaii Public Housing Authority's Amended Five Year and Annual Plan for the Fiscal Year July 1, 2009 to June 30, 2010 to Authorize the Executive Director to Take Required Actions to Submit the Approved Plan to the U.S. Department of Housing and Urban Development.

TO RATIFY THE
HAWAII PUB-
LIC HOUSING
AUTHORITY'S
AMENDED
FIVE YEAR
AND ANNUAL
PLAN FOR THE
FISCAL YEAR
JULY 1, 2009
TO JUNE 30,
2010.

Director Beaver moved and Director Aiona seconded

A public Hearing was held on March 10th to amend the HPHA's Five Year and Annual Plan (2008-2009) to add the following projects: Kahekili Terrace, Kalanihuia, and Kalakaua Home, which would then allow HPHA to fully obligate funds allotted from the American Recovery and Reinvestment Act (ARRA) in the amount of approximately \$16.2mm. The funds were fully obligated and staff was given recognition for their efforts by the Board.

Director Hosino stated that the changes in the PHA plan were discussed and explained to the RAB.

It was noted by staff no one attended from the public.

Support: The motion carried unanimously.

Discussion:

Director Smith invited all interested Board members to a meeting of the Finance Task Force to be held directly after the Board meeting. The meeting will cover HPHA's portfolio and the HPHA financial condition. The meeting will include John Cox and Dirk Aulabaugh of Alvarez and Marsal; Bill Riley and Melanie Melon from Quadral Consulting and Michael Liu of Dutko Worldwide.

TASK FORCE/
FINANCE

A report of the Human Resource Task Force was provided by Designee Oliva. The Board was advised that the HPHA submitted the request to fill memo to Governor Lingle for seven of the nine priority positions discussed prior.

HUMAN
RESOURCES

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It was further clarified that a communication had been sent out stating that the Governor's approval was no longer needed for 100% federally funded positions. Designee Oliva stated that was the directive, but it was retracted.

The report also advised the Board that in conjunction with the nine priority positions earlier identified that three additional positions were submitted for consideration. The three positions are the contract administrator, property management coordinator II, and section 8 branch chief.

Director Hosino asked if the Tenant Relations/Operation task force can meet. Chairperson Thompson instructed the task force to meet with Ms. Wise regarding her plan for HPHA.

TENANT
RELATIONS
TASK FORCE

Ms. Wise stated she did not have a formal report this meeting. She provided an overview for the Board of the items she has been working on. She stated she 1) toured AMPs 31, 32, 34, 40, and 50; 2) met with legislators Sakamoto, Chun-Oakland, Kim, Cabanilla, Carroll, and Manahan; 3) met Mr. Michael Flores of HUD. Ms. Wise stated she is also working on streamlining the HPHA website.

EXECUTIVE
DIRECTORS
REPORT

The Board asked if it was possible to track the number of hits on the website, there will be a follow-up answer at the next Board meeting.

It was asked when Ms. Wise would be visiting the neighbor islands. Ms. Wise responded she plans to visit the neighbor islands during the last week in March.

Ms. Wise stated she attended a public hearing, eviction hearing, Section 8 staff meeting, and RAB meeting. She instituted a weekly staff meeting. She stated she has reviewed the audit and corrective action order. She will be meeting with Mr. John Wong, Attorney General's Office, to discuss open issues. She is also working on the migration of the Homeless Programs Branch (HPB) to the Department of Human Services' Benefit and Employment and Support Services Division (BESSD).

Staff provided a briefing to the Board regarding HPHA's response to the tsunami warning. The Property Management and Maintenance Service Branch (PMMSB) notified tenants of the tsunami warning. Lydia Camacho, State Housing Development Administrator, contacted engineers in case of structural damage. Rick Sogawa, Acting Contracts and Procurement Officer, Ms. Wise and Ms. Arashiro received procurement authority in case of emergency procurement. In debriefing the response with staff the area that poses a vulnerability for HPHA is the need to secure data off-site.

TSUNAMI
WARNING

Director Hosino stated that she was contacted as the tenant association president. She thought this was a great because they can assist in notifying tenants.

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Designee Oliva stated that he attends a civil defense meeting and the HPHA is not represented and requested a contact person be given to Susan Yamamoto.

In reviewing staff reports submitted for Board review Board members had several requests and direction to staff to simplify information provided by distilling the most salient points for Board information and consideration.

Staff was questioned as to the disposition of three property sales. Staff confirmed that the purchase and sale agreement (P & SA) for Wilikina and Banyan were signed.

PROPERTY SALES

Board was updated on the recent delay of the Hana property sale and that it may not make this legislative session. Representative Carroll asked that the bill be held because she was not informed of the Hana sale and she had heard from several constituents.

Board asked if there were new developments regarding the Kuhio Park terrace (KPT) redevelopment. Staff had met with the Michaels Development Company on March 17th, however it was for introductions only, as the Michael's team was in town to conduct a resident meeting at KPT.

The Board was presented information on the following legislative bills that involve the HPHA:

UPDATE ON THE STATUS OF LEGISLATIVE BILLS AFFECT- ING THE HPHA PROGRAMS

- SB 910, transfer of HPB to BESSD, needs to be heard by the House Finance Committee.
- HB 2569 reduces quorum requirements, passed the House and crossed to the Senate.
- SB 2108 requires that two members of the Board be residents, was passed by Senate and crossed to the House.
- HB 2561, changing the land sales to ceded and crown lands was passed by the House and crossed to the Senate.
- SB 2473, requiring permitting grandparents to temporarily raise grandchildren in the project in crisis situations, passed the Senate and crossed to the House. Should this pass The HPHA will need to change the administrative rules to give these grandparents preferences in family housing.
- SB 2276 SD1, relating to intoxicating liquor, has a provision that the tenant must accompany their visitor and if their visitor breaks the rules then that is grounds for eviction.
- SB 2277 SD1, common area expenses, the eviction streamline provision was taken out of the bill and it was amended to require the eviction Board to have a hearing officer. This could represent an unbudgeted cost to the HPHA.

Staff was asked for an update on the status of the transition plan for the homeless families still residing at Puahala Homes.

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The Board offered comments they have received from the public during this pilot program. One resident stated he can tell which units are public housing units and which are the transition housing units. He also stated if anything is learned take the rules that are used in the transition housing units and apply them to public housing units.

Staff gave the board a status on the families in the program and only one family has transitioned into Public Housing. All the other families applied in 2009 and are lower on the waiting list.

The Board tasked staff with clarifying the expectations and understanding of the community and the participating families and to bring back recommendations on how to proceed given the program has an end date of July 2010.

Motion: To go into executive session at 12:12 p.m. pursuant to sections 92-4 and 92-5(a)(2), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, as related to the Update on the Audit of the Hawaii Public Housing Authority by the Office of the Legislative Auditor.

UPDATE ON
THE STATUS
OF THE TRAN-
SITION PLAN
FOR THE HOME-
LESS FAMILIES
AT PUAHALA
HOMES

EXECUTIVE
SESSION

Director Beaver moved and Director Aiona seconded

Support: The motion was unanimously carried.

The Board reconvened from Executive Session at 12:43 p.m.

Chairperson Thompson stated that the Board discussed legal issues relative to the legislative audit.

Chairperson Thompson stated the Board will be discussing the update on the rock fall and mitigation measures at the Kalihi Valley Homes

Staff reported that the boulders have been removed and netting has been placed. All families except for the two units that were hit by the rock were moved back to their units. One family chose to stay at the unit they were transitioned into.

Staff also reported that the HPHA is working on final cost figures and will submit to the Board of Water Supply when completed.

Motion: To go into executive session at 12:53 p.m. pursuant to sections 92-4 and 92-5(a)(2), Hawaii Revised Statutes, to discuss the term of the current Executive Director, where matters of privacy are involved, and pursuant to section 92-5(a)(4), Hawaii Revised Statutes, to consult with the Board's attorney on questions and issues pertaining to

RECONVENED

UPDATE ON
THE ROCK FALL
AND MITIGA-
TION MEA-
SURES AT THE
KALIHI
VALLEY HOMES

EXECUTIVE
SESSION

HAWAII PUBLIC HOUSING AUTHORITY

the Board's powers, duties, privileges, immunities, and liabilities, as related to the Kalihi Valley Homes (KVH) rock fall.

Director Beaver moved and Director Hosino seconded

Support: The motion was unanimously carried.

The Board reconvened from Executive Session at 1:04 p.m.

RECONVENED

Chairperson Thompson stated the Board discussed the potential liabilities and litigation relative to the KVH rock fall.

Chairperson Thompson stated to the Board that the HPHA has received a request for information from the U.S. Department of Homeland Security Immigration and Customs Enforcement (ICE) Office.

REQUEST FOR
INFORMATION
FROM THE U.S.
DEPARTMENT
OF HOMELAND
SECURITY
IMMIGRATION
AND CUSTOMS
ENFORCEMENT
OFFICE

Staff believed the request came about because ICE found a resident who was in Hawaii illegally and was living in public housing with a stolen identity. ICE deported the person back to their home country. ICE is requesting a list of all our tenants and information that helps identify the person.

Krislen Chun, deputy attorney general, stated there may be an issue with confidentiality and more information would need to be gathered to make a final determination. Staff was directed to contact ICE to find out what type of information are they requesting.

Chairperson Thompson stated the Board would be discussing the update on the status of the U.S. Department of Housing and Urban Development's corrective action order (CAO) against the Hawaii Public Housing Authority. Staff was requested to provide an update at the next Board meeting.

UPDATE ON THE
STATUS OF THE
U.S. DEPART-
MENT OF HOUS-
ING AND UR-
BAN DEVELOP-
MENT'S COR-
RECTIVE ACT-
ION ORDER

There being no further items to be discussed a motion was entered to adjourn the meeting

Director Aiona moved and Director Dodson seconded

ADJOURN-
MENT

That the meeting be adjourned at 1:24 p.m.

Support: The motion was unanimously carried.

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MINUTES CERTIFICATION

Proposed minutes respectfully submitted,

Taryn D. Chikamori
Taryn Chikamori
Secretary to the Board/Recording Secretary

4/15/10
Date

Approved by the HPHA Board of Directors at their Regular Meeting on
April 15, 2010

Matilda Yoshioka
Matilda Yoshioka
Director/Board Secretary

4/15/10
Date